

<p style="text-align: center;"><b>Overview &amp; Scrutiny</b></p> <p style="text-align: center;"><b>Analysis of the performance of the Council's Temporary Accommodation properties 2024/25</b></p>	
<b>Executive Summary</b>	<p>This report analyses the performance and value for money of the council's portfolio of homes used for Temporary and other homelessness accommodation (TA) in 2024/25.</p> <p>In summary the analysis shows that, compared to nightly paid accommodation, our own TA delivers significant savings as well as a considerable improvement to the lives of those accommodated.</p> <p>The performance of our TA has improved greatly, and in 2024/25 alone our TA saved us more than £640k compared to use of nightly paid inferior accommodation. Over the last four years (2021/22-24/25) savings have totalled £1.36m</p>
<b>Options considered</b>	The council has invested significant amounts of capital into a portfolio of properties for homeless households. It is important to understand the performance of these properties to ensure they deliver value for money.
<b>Consultation(s)</b>	Officers in Finance, Housing Options, Property Services, Estates and Climate & Environmental Policy
<b>Recommendations</b>	This report is for information, it is recommended that Overview & Scrutiny review the report
<b>Reasons for recommendations</b>	To ensure TA offers a value for money VFM alternative to meet our legal duty to offer temporary accommodation to homeless households.
<b>Background papers</b>	

<b>Wards affected</b>	Districtwide
<b>Cabinet member(s)</b>	Cllr Boyle, Portfolio Holder for Housing and Peoples' Services
<b>Contact Officer</b>	Nicky Debbage, Housing Strategy & Delivery Manager, <a href="mailto:nicky.debbage@north-norfolk.gov.uk">nicky.debbage@north-norfolk.gov.uk</a>

Links to key documents:	
Corporate Plan:	Meeting our Housing Need.

Medium Term Financial Strategy (MTFS)	TA is a significant and increasing cost to the Council, as a result of its statutory duty, and meeting the costs in whatever way, will need to feature in the MTFS. The purchase of accommodation to help reduce the net costs needs to demonstrate value for money. The full and projected costs of purchasing, managing and maintaining the properties needs to be represented in the MTFS.
Council Policies & Strategies	Housing Strategy Homelessness & Rough Sleeping Strategy Net Zero Strategy

Corporate Governance:	
Is this a key decision	No
Has the public interest test been applied	NA
Details of any previous decision(s) on this matter	NA

## 1. Introduction

- 1.1 The Council has a legal duty to provide Temporary Accommodation (TA) to homeless households under the Homeless Reduction Act 2017; at Relief stage (whilst investigations are carried out) and where a full duty is owed (ahead of securing more permanent accommodation) and during any review of decision. The number of homeless households seeking help from the council has increased in recent years:
  - 779 approaches for homelessness in 2021/22, rising to 1,004 in 2022/23, 1,125 in 2023/24 and 1,204 in 2024/25 (and forecast to exceed 1,300 in 2025/26)
- 1.2 Together with a decrease in affordable homes becoming available this has meant an increase in the use of TA:
  - 177 households were placed in TA in 2024/25. This is slightly lower than in 2023/24 when 189 households were placed, and below the peak of 291 in 2020/21 during the pandemic, but significantly above pre-pandemic level.
- 1.3 As a result of the increasing levels of homelessness and use of TA, we piloted measures to move homeless households into permanent accommodation, including using direct nominations to ensure affordable homes go to homeless households. This approach has now been formalised and included in our revised allocations scheme agreed by Cabinet in December 2024. However, given the challenging housing market (nationwide and particularly North Norfolk), we do not envisage a significant reduction in the number of homeless cases, or the requirement for TA, for the foreseeable future.

- 1.4 There is a very limited supply of self-contained TA within North Norfolk or even the whole of Norfolk, and all local councils are effectively competing for the same supply. NNDC having a supply of our own TA helps with this challenge and means we have been able to limit the number and stay of families in nightly paid B&B type TA.
- 1.5 In addition to the major human cost to homelessness and the need to resort to TA, there is also a financial cost to the Council. The Council is only able to recover (from government Housing Benefit subsidy) a small proportion of the costs of nightly paid accommodation. The Council can reclaim £98.08 per week in subsidy, whereas the actual costs of nightly paid accommodation currently vary between £329 (singles room, cheapest option) and £762 (family apartment with degree of self-contained) per week; meaning NNDC pick up the shortfall of £231-664 per household per week. The outturn net cost (i.e. after we receive Housing Benefit subsidy) of nightly paid TA to NNDC was £77k in 2018/19 but had risen to £860,894 in 2023/24 – last year 2024/25 saw a fall in net costs down to £776,416.
- 1.6 These issues have been the driver for NNDC investing in our own portfolio of TA and other homeless accommodation – which currently stands at 29 properties with three more currently being purchased. This will bring the portfolio to 32 properties. On average our own TA portfolio represents over a third of the TA we are using to accommodate homeless households.
- 1.7 The current portfolio consists of largely ‘mainstream’ TA properties, to be used to accommodate homeless households under our Homeless Reduction Act 2017 duties. Additionally, partly funded by government Next Steps and Rough Sleepers Accommodation Programme grants, we have purchased/converted five x 1-bed flats to be used to temporarily house ex-rough sleepers. More recently the council has used Local Authority Housing Fund grant to help purchase six properties to be prioritised for homeless Afghan refugee households (but which are currently being used as general needs TA). Table 3 in the Appendices provides details of the current properties (25 in use in 2024/25, plus the four further properties bought in 2024/25 and the three in the process of being purchased – bringing the totals up to 32), but in summary our portfolio consists of:
- 18 (plus 3 to be purchased) mainstream TA
  - 6 TA homes prioritised for Afghan refugee households
  - 5 move-on units for ex-rough sleepers

In the remainder of this report the analysis of our portfolio of properties includes all the above range of homelessness accommodation under the term “TA”. However, the analysis concentrates on the 25 units that were in use in 2024/25.

- 1.8 Initial analysis of the performance of our TA was undertaken 2021 when the portfolio was 12 TA units. At that point, the main barrier to full analysis of VFM was that very few of the TA units had been in use for any amount of time – only six had been in use for over one year. However, the analysis of TA VFM in 2021 was able to conclude that the homes delivered savings compared to more expensive and inferior private sector. The report also identified actions to enable more accurate monitoring of costs & income to allow informed business decisions about the future of the portfolio of properties.
- 1.9 In 2024 more in-depth analysis was undertaken of the then 23 units of TA, which again confirmed it offered significantly better VFM than nightly paid TA. In 2024 the East of England Local Government Association were engaged to

undertake an independent analysis of the performance and value for money of our TA. The report concluded that, particularly when compared to nightly paid alternatives, “The Councils owned accommodation is currently providing excellent value for money”.

- 1.10 Some improvements to the management of our TA were identified in EELGA’s report. As a result, a TA Steering Group was established, with officers from Finance, Estates, Property Services, Housing Options and Strategic Housing. This has helped to improve understanding, working relationships and processes for the management of our TA.

## 2. 2024/25 Analysis

- 2.1 Table 1 provides a high-level summary of the costs and income of our in-house TA. The tables also show what the cost of accommodating households in nightly paid accommodation would have been if we did not have our own TA. In summary the tables show:

- Over the 4-years 2021/22 – 24/25 the direct costs of our TA totalled £375k, against a rental income of £494k, meaning **a surplus of £119k**.
- Surpluses have risen each year, reaching £128k in 2024/25.

- 2.2 Our TA properties were occupied for a total of 3,151 weeks over the 4–years. An average comparable cost for nightly paid accommodation for those weeks would have been £1.581m gross, and £1.243m net of subsidy (at £98.08 per household per week). Therefore:

- Our TA produced a positive income of £119k over 4 years, compared to the cost of alternative nightly paid accommodation of £1.243m – therefore our TA **saved us £1.362m**.

- 2.3 It should also be noted that the position has improved markedly in 2024/25 compared to previous years. Our TA produced a positive income of £127,877 in 2024/25, compared to equivalent nightly paid accommodation cost of £513,970 – therefore our TA saved us £641,847 in 2024/25 alone.

Please note the costs of TA are direct costs (as set out in Table including repairs, services, cleaning, etc.). As with all council services, a share of the council’s overheads (staff salaries, building costs, supplies, etc.) can also be attributed to TA. However, we have not included these in the analysis for two reasons.

- Firstly, the overheads recharged to TA would exist whether we accommodated homeless households in our own TA or in B&B alternatives. For example, Housing Options staff are funded from external government grant, and these staff (and their costs) would remain if we had no in-house TA (as the homeless households would still require support, possibly more if they were in unsuitable / inferior accommodation).
- The second reason for not including any share of the Council’s overheads in analysis is that these costs are not attributed to nightly paid TA – so excluding them from our TA costs means we are comparing like for like in costs.

### **3. Portfolio of homes – capital costs & values**

- 3.1 Table 3 in the appendices provides details of our existing TA units (the 25 in use in 2024/25 and the those purchased/being purchased since, which will bring the portfolio up to 32). The table shows the purchase costs and other capital spend on the properties, additional grant/earmarked funding that was used to help purchase properties, and their current value. The council undertakes a re-valuation exercise of a sample of properties on a regular basis and most of the TA units have been re-valued in the last two years. For very recent purchases, where no re-valuation has taken place, the purchase price has been used as the current value.
- 3.2 The capital costs of purchase/major repair of our TA properties held in 2024/25 totals over £4.9m. However, over £2.5m of this spend was funded from government grants, either specific grants for purchase of the homes (NSAP/RSAP and LAHF) or repurposing of other funds (Community Housing Fund, Disabled Facilities Grant, Homeless Prevention Grant). This means the Council has used £2.4m of non-earmarked / mainstream funding to purchase 25 homes (an average of £96k per property). The estimated value of these 25 properties is now over £5.4m.
- 3.3 *It should be noted that some of those properties purchased using government grant have conditions in the funding meaning we must retain the units (or equivalent homes) for at least 30-years or risk repaying grant.*

### **4. Details of homes**

- 4.1 All TA properties we own are self-contained properties in locations close to local facilities and transport links. The majority of homes are in the main towns, with the most in North Walsham (11 properties), the most central town in the district with the best public transport links. However, there is a good geographical spread of properties, affording a better opportunity to accommodate homeless households as close to their connections as possible.
- 4.2 The 25 homes include a range of property sizes and types to enable us to accommodate different sizes of homeless households and accommodate different access needs. However, most homes have 2 or more bedrooms to try to minimise the stay of families with children in unsuitable B&B style TA. There are:
- 6 x 1-bed flats/houses
  - 8 x 2-beds, including 3 bungalows
  - 8 x 3-beds, including 1 bungalow
  - 3 x 4-bed houses
  - *The 6 x properties recently purchased, or to be purchased, add a range of sizes and locations, with 1,2, 3 and 4-bed homes*
- 4.3 An independent RICS industry standard home buyers survey and valuation are carried out ahead of all property purchases, which include a valuation, basic condition information, and checks that an Energy Performance Certificate is available for the property. We now only purchase homes with a minimum EPC of C (and modern facilities / in good condition). Additionally, the Property Services team carries out an inspection ahead of any formal buyers survey, to give a fuller understanding of condition and the energy efficiency of the home to identify whether the proposed purchase is sound and, if so, what pre-let works will be required. If any major concerns are identified the purchase would

not go ahead unless a suitable price can be renegotiated. This has not only meant we have purchased better condition homes more recently, but it has also meant they have been able to be brought into use more quickly, minimising void times.

- 4.4 Table 3 indicated the priority use of the properties. This includes five homes (plus a further home purchased in 2025/26) part funded from government Local Authority Housing Fund grant which are to be prioritised for temporarily accommodating households who are part of the Afghan resettlement programme. However, it should be noted, no properties have been used for these households thus far.

## 5. Actions undertaken / underway to improve VFM

- 5.1 Previous analysis of the performance of TA, and the 2024 review by EELGA, identified improvements we could make to the management and maintenance of our TA. As can be seen from the marked increase in both positive income and savings from our TA in 2024/25, these improvements have begun to have a big impact on performance. A summary of the improvements made / underway are set out below:
- **Establishment of TA steering group** – brings together officers from across the Council to review performance and address issues and has led to much closer working and understanding.
  - **Better homes** – we have been able to buy much better homes, newer with higher EPCs and which require fewer works prior to first let.
  - **Rent and service charges** – charging higher, more realistic, rents pegged to current Local Housing Allowance. Minimising the service charges which NNDC is responsible for, instead moving responsibility to the residents.
  - **Staffing** – clearer responsibility for TA, with a TA lead officer in Housing Options, leading on the property aspects of our TA who works closely with the Compliance Officer in Property Services ensuring all homes are kept in good condition and compliant with current standards.
  - **Policy and processes** - we have a library of policy and processes for TA and have been able to make improvements to many of these.
  - **Pre-purchase & Annual inspection** – closer working between Property Services and Housing Options to carry out an inspection ahead of any formal Buyers survey, to give a fuller understanding of condition. Plus an annual survey of each TA home carried out by Property Services (with Housing Options where possible). This has meant we have been able to deal with new requirements such as monitoring damp and mould issues.
  - **Repairs standards** – joint inspections at relet and agreeing works with Housing Options has delivered better VFM and quicker turnaround of empty homes. There is also an improved understanding of standards to be achieved in TA and the level of repairs required.
  - **Void times** – regular monitoring of void times now takes place, and the TA steering group gives an opportunity to identify any issues and resolve these to speed up letting homes.
  - **Awaab's Law** – processes are currently being developed to make sure we investigate and fix hazardous issues, especially damp and mould, within strict set timeframes. Awaab's Law was introduced to prevent tragedies

like the one that inspired it, the death of Awaab Ishak, by ensuring landlords take damp and mould seriously and take responsibility for fixing the problem.

## **6. Corporate Plan Objectives**

- 6.1 Council's Corporate Plan Priorities - Meeting Our Housing Need – specifically "Increasing our Portfolio of Temporary Accommodation to support Residents in crisis" and A Strong, Responsible & Accountable Council

## **7. Medium Term Financial Strategy**

- 7.1 Effective TA will help the council tackle housing need and reduce the cost of temporary accommodation for homeless households the Council has a duty to accommodate.

## **8. Financial and resource implications**

- 8.1 As set out in main report

## **9. Legal implications**

- 9.1 The council has a legal duty to provide temporary accommodation to homeless households. Homes provided by the council must meet minimum legal standards, particularly relating to health and safety.

## **10. Communications issues**

- 10.1 None specific to this report

## **11. Risks**

- 11.1 The risks of purchasing TA homes have been identified in all Cabinet reports recommending purchase. In summary this are:
- The property is a poor investment – mitigated by purchases being subject to an independent valuation
  - The property has unforeseen major investment needs – mitigated by purchases being subject to an independent survey
  - The property is not required for TA in the future – mitigated by future sale of the asset
  - Loss of capital value – mitigated by ensuring homes are independently value, maintained to good standards and therefore are likely to retain or grow in capital value

## **12. Net Zero Target**

- 12.1 Acquiring TA homes (which are not net-zero) adds to the Council's carbon footprint by increasing its estate. Nightly paid accommodation (B&B) is not included in our carbon emissions data. Improving the quality and energy efficiency of our purchased homes will help reduce CO2 emissions of the

council and may improve 'community/district' emissions as it improved general housing stock.

### **13. Equality, Diversity & Inclusion**

**13.1** None specific to this report

### **14. Community Safety Issues**

**14.1** None specific to this report

### **15. Conclusions and Recommendation**

Provision of good quality homes to be used as TA for homeless households has a significant positive impact on the welfare of households, providing them with a decent secure home for a period of time, and allowing time to resettle and rebuild their lives.

The purchase of TA homes has been a significant expenditure for the Council; we have invested £4.8m to the end of 2024/25. However, a significant amount of this investment has been from government grants meaning the net capital spend on TA purchase has been £2.4m of non-earmarked / mainstream funding to purchase 25 homes. The estimated value of the 25 properties is now over £5.4m.

Simplistically, our TA produced a positive income of over £118k over the 4-years (with a positive rental income in the last 3-years).

Our 25 TA properties were occupied for a total of 3,151 weeks over the 4-years and an average comparable cost for nightly paid accommodation would have been £1.24m (net of subsidy at £98.08 per week).

Therefore, between 2021/22 – 2024/25 our own TA with a positive income of £118k, compared to equivalent nightly paid accommodation that would have cost £1.24m, saved us £1.36m.

The value for money of our TA has improved in 2024/25 as we have made increases to the rent levels we are able to charge, made improvements to processes for managing and maintaining homes and been able to buy better quality homes more recently.